

The  
Management  
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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF BACHELOR OF ARTS IN DEVELOPMENT STUDIES**

**BDS 209 : DEVELOPMENT ECONOMICS**

**DATE: 15<sup>th</sup> DECEMBER 2017**

**DURATION: 2 HOURS**

**MAXIMUM MARKS: 70**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

**QUESTION ONE**

Read the Case Study below carefully and answer the questions that follow:

**HARDWARE PARLOR IN SOTIK**

Bob and Martin Soi wanted to open a hardware store in their town of Sotik, Rift Valley but lacked the capital. They sought funding from The Sotik Development commission, and from other Lenders, to get the business going. They received Kshs 6,600,000 Revolving Loan Fund (RLF) and were able to open hardware Parlor which provides products for painting, plumbing, electrical, roofing and basic hardware. The business created twenty (20) jobs in the community.

“Without the assistance of the Revolving Loan Fund, we would not have been able to put together the deal that got our hardware store in Sotik up and running,” said the Sois, owners of hardware Parlor. “They (The Sotik Development Commission) were so easy to work with and clearly understood the needs of our small business.

**Required:**

- a) What kind of clientele do you think would benefit from Hardware Parlor? Explain  
(5marks)
- b) Who are the other Tenders that the Sois could have used to support  
the Sotik development commission (5marks)
- c) Explain the benefit of a Revolving Loan Fund compared to other types of loan?  
(5marks)
- d) Suppose you were the Sotik community leaders, what type of relationship would  
your office develop for between hardware Parlor and the community.  
(5marks)
- e) Based on the case, demonstrate the development value such projects to the  
National Economy. (5marks)



## QUESTION TWO

- a) Discuss the reasons why some countries in South America and the Mediterranean are today unattractive FDI destinations. (5 marks)
- b) Does foreign aid benefit the poor? Discuss using any case in Africa as Illustration. (5 marks)
- c) Critically evaluate the value of AID as a strategy for Development in Least Developed Countries. (5 marks)

## QUESTION THREE

- a) IMF prescribed SAPs are a development catalyst all the way from the 1970s, and they continue to appear in Development landscape to date. Analyze the program and show why it has not been particularly successful. (5 marks)
- b) Using appropriate diagram, demonstrate the phenomenon of unending poverty in a country. (5 marks)
- c) Explain the importance of studying Development Economics. (5 marks)

## QUESTION FOUR

- a) Compare and contrast the four main poverty levels. (5 marks)
- b) Analyze the three main economic Development Indices. (5 marks)
- c) Explain the main assumptions of Harrod - Domar Model of Economic Development. (5 marks)

## QUESTION FIVE

- a) Appraise the three main theories of Economic Development. (6 marks)
- b) In the year 2000, specific Development goals were selected to be realized by different countries by year 2015. Discuss how Kenya has been able to achieve the goals that were set for the following.

- i) HIV Aids (3 marks)
- ii) Education (3 marks)
- iii) Health (3 marks)

**QUESTION SIX**

- a) Differentiate Economic growth from Economic Development and compare the factors needed for each. (5 marks)
- b) Explain the role of World Bank and IMF in poverty alleviation in sub-Saharan Africa countries.
  - i. WB (5 marks)
  - ii. IMF (5 marks)